

Surety

Seaboard Surety Company
150 Allen Rd., Ste. 109
Liberty Corner, NJ 07938
Telephone 908.604.9700
Facsimile 908.604.8411

Mailing Address:
P.O. Box 801
Liberty Corner, NJ 07938-0801

November 7, 1996

Anthony Ferrara
Tony Ferrara and Associates
574 Newark Avenue
Jersey City, NJ 07306

RE: CLARK V. SECURITY LIFE.
\$16,220,000 SUPERSEDEAS BOND
BOND NO. 400 JU 0635

Dear Anthony:

Per our recent conversation, we have approved execution of the above bond, with the following conditions:

- Security Life and Security American (Parent Company) will execute our Court Bond Application/Indemnity Agreement
- Security Life will provide an Irrevocable Letter of Credit (on our form - copy attached) in the amount of \$2,433,000 (15% of the the bond amount) from First Bank, NA, Minneapolis, MN.
- Each of the sixteen reinsurers will execute our separate indemnity agreement for their specific dollar indemnity of the remaining \$13,787,000 (85% of Bond amount)
- Each reinsurer will provide a Letter of Authorization signed by an officer of the corporation indicating approval of the individual signing on behalf of the reinsurer
- All indemnity agreements, to include the court application, will be sealed with the appropriate corporate seal
- The annual premium for this bond will be \$162,200 paid in advance in the form of a certified check made payable to St. Paul Fire and Marine Insurance Co.
- Attached is a revised copy of the bond form to be used
- When the application, 16 indemnity agreements, ILOC and the check have all been executed correctly and received by us, the bond will be provided.

If you have questions on any of the above, please advise.

Best regards,
ST. PAUL SURETY



William V. Jones, Jr.
Manager

cc: Tony Garbarini, Miscellaneous Dept.
Seaboard Surety Company
St. Paul Fire and Marine Insurance Company
St. Paul Mercury Insurance Company
St. Paul Guardian Insurance Company